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USAID FOR DCHA/OTI, DCHA/DG, ANE/AA
USAID FOR DCHA/OFDA:WGARVELINK, BMCCONNELL, KFARNSWORTH USAID FOR
ANE/AA:WCHAMBERLIN
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GENEVA FOR RMA AND NKYLOH
ANKARA FOR AMB WRPEARSON, ECON AJSIROTIC AND DART
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SUBJECT: DART: IRAQ'S PUBLIC DISTRIBUTION SYSTEM--COMPLETION OF
FIRST MONTH

SUMMARY

HAVING BEEN DISRUPTED BY THE WAR IN MARCH OF THIS YEAR, IRAQ'S PUBLIC DISTRIBUTION SYSTEM (PDS) RESUMED NATIONWIDE FOOD RATION DISTRIBUTION TO 27 MILLION IRAQI'S DURING THE FIRST WEEK OF JUNE. THE OVERALL CURRENT DISTRIBUTION OF FOOD AND NON-FOOD ITEMS IN THE COUNTRY FOR THE MONTH OF JUNE TOTALS 396,013 METRIC TONS (MT). IN COORDINATION WITH THE WORLD FOOD PROGRAM (WFP), THE IRAQI MINISTRY OF TRADE (MOT) COORDINATED THIS FIRST POST-CONFLICT PDS RATION DISTRIBUTION, RELYING ON A NATIONWIDE NETWORK OF 44,000 FOOD AGENTS TO DISTRIBUTE THE RATIONS TO ALL IRAQI CITIZENS. THE JUNE DISTRIBUTION IS GENERALLY BEING CHARACTERIZED AS A "SUCCESS" BY MOT OFFICIALS, WFP, AND RATION RECIPIENTS, DESPITE SOME RATION ITEMS MISSING FROM THE RATION BASKET. IT IS ESTIMATED THAT IN 15 OF THE COUNTRY'S 18 GOVERNORATES, WHERE SECURITY ALLOWED FOR ADEQUATE DISTRIBUTION AND REPORTING, MORE THAN 98 PERCENT OF THE FLOUR/FOOD AGENTS COLLECTED THEIR MONTHLY ALLOCATIONS FOR DISTRIBUTION TO FINAL BENEFICIARIES. THE PDS RATION DISTRIBUTION FOR JULY IS UNDERWAY WITH NO SIGNIFICANT PROBLEMS REPORTED. AS OF THE BEGINNING OF JULY, WFP REPORTS THAT 1,264,743 MT OF FOOD WERE DISPATCHED THROUGHOUT IRAQ SINCE APRIL.

BACKGROUND

THE DISTRIBUTION OF WHAT IS NORMALLY ABOUT 500,000 MT PER MONTH OF FOOD AND NON-FOOD COMMODITIES IN IRAQ RESTARTED IN EARLY JUNE AFTER A TWO AND ONE-HALF-MONTH DISRUPTION DUE TO THE CONFLICT IN THE COUNTRY. THE SIGNIFICANCE OF THE PDS TO THE FOOD SECURITY OF THE IRAQI POPULATION CANNOT BE OVERSTATED. THE RATIONING SYSTEM, DESIGNED BY THE FORMER REGIME, STARTED IN THE EARLY 1990S WHEN FOOD MARKETS WERE DISRUPTED AS A RESULT OF THE FIRST GULF WAR. IT EVOLVED AS THE PRIMARY SOURCE FOR DISTRIBUTED BASIC FOOD AND NON-FOOD COMMODITIES RECEIVED UNDER THE UNITED NATIONS OIL-FOR-FOOD (OFF) PROGRAM TO ALL IRAQIS STARTED IN 1996. COMMODITIES WERE MOSTLY IMPORTED THROUGH THE OFF PROGRAM, THEN AND THEN PARSED OUT THROUGH THE PDS. THIS RATION SYSTEM IS DESIGNED TO COVER 100 PERCENT OF THE IRAQI POPULATION WITH BASIC FOOD AND NON-FOOD SUPPLIES. SIXTY PERCENT OF THE POPULATION DEPEND ON THESE RATIONS AS THEIR ONLY SOURCE OF FOOD. THE SYSTEM INCLUDES A COMPUTERIZED REGISTRATION/RATION CARD SYSTEM--STORING INFORMATION ON INDIVIDUAL RATION LEVELS, STORAGE OF LOCAL AND OFF-PURCHASED COMMODITIES--PARTICULARLY WHEAT GRAIN--THROUGH LOCAL PUBLIC WAREHOUSES AND GRAIN SILOS, AND DISTRIBUTION THROUGH A NATIONWIDE RATION AGENT NETWORK. UNDER THE CURRENT SIX-MONTH EMERGENCY OPERATION, WFP PLANS TO IMPORT APPROXIMATELY 2.2 MILLION MT OF FOOD COMMODITIES TO IRAQ, LARGELY TO SUPPORT THE PDS.

JUNE RATION DISTRIBUTIONS

JUNE IS WIDELY VIEWED AS A SUCCESS. WFP REPORTS THAT APPROXIMATELY 94 PERCENT OF THE FOOD AGENTS COLLECTED THEIR MONTHLY ALLOWANCES FOR JUNE. THREE GOVERNORATES--AL ANBAR, DIYALA, AND SALAH-AD-DIN--WERE PLAGUED BY SECURITY CONCERNS THAT LIKELY HAMPERED FOOD DISTRIBUTION AND HAVE LED TO UNDERREPORTING. INFORMATION THAT WE DO HAVE FROM THESE THREE GOVERNORATES INDICATE THAT ONLY 55 PERCENT OF THE RATION ITEMS THAT SHOULD HAVE BEEN DISTRIBUTED WAS ACTUALLY COLLECTED BY THE FOOD AGENTS. THE NATIONAL AVERAGE COVERAGE RATE, NOT INCLUDING THESE GOVERNORATES, IS A VERY SUCCESSFUL 98 PERCENT. IN TOTAL, REPORTS TO DATE INDICATE THAT 396,013 MT OF COMMODITIES HAVE BEEN DISTRIBUTED TO FOOD AGENTS. AS OF THE END OF JUNE, TOTAL DISPATCHES TO IRAQ SINCE IMPORTS RESUMED IN APRIL, STAND AT 1,264,743 MT. NO MAJOR PROBLEMS HAVE BEEN REPORTED BY WFP FIELD OFFICES FACILITATING AND MONITORING THE DISTRIBUTION PROCESS, THOUGH CHALLENGES CONTINUE TO BE RELATED TO SECURITY FOR WAREHOUSES, SILOS, AND TRUCK TRANSPORTERS IN THE SOUTHERN AND

CENTRAL GOVERNORATES. THE PRINCIPAL CHALLENGE IN THE NORTHERN GOVERNORATES IS THE TRANSITION FROM FULL WFP ADMINISTRATION OF THE PDS TO LOCAL ADMINISTRATION BY NOVEMBER.

THE PDS RATION CYCLE NORMALLY TAKES PLACE OVER A PERIOD OF APPROXIMATELY 20 DAYS. FOR JUNE, THE RATION PERIOD CONTINUED THROUGHOUT MOST OF THE MONTH AND INTO EARLY JULY FOR THOSE AREAS WHERE SECURITY AND OTHER PROBLEMS PREVENTED COMPLETION WITHIN THE 20 DAYS. THE JUNE RATION, THAT IS BASED ON AVAILABILITY OF STOCKS, CONTAINED 9 KG OF WHEAT FLOUR, 3 KG OF RICE, 2 KG OF SUGAR, 0.2 KG OF TEA, 1.0 KG OF VEGETABLE OIL, 0.25 KG OF PULSES, 0.25 KG OF SOAP, AND 0.5 KG OF DETERGENT. INFANTS UNDER THE AGE OF ONE YEAR RECEIVE 3.6 KG OF INFANT FORMULA, 0.25 KG OF SOAP, AND 0.5 KG OF DETERGENT. THESE QUANTITIES REFLECT AN ABSENCE OF ADULT MILK AND LOWER QUANTITIES OF OIL AND PULSES IN A RATION. THE JULY RATION MIX INCREASED FOR PULSES AND MILK POWDER, ALTHOUGH STILL NOT AT THE FULL RATION LEVEL.

ACCESS TO AND QUALITY OF RATIONS

A SERIES OF RADIO AND TELEVISION BROADCASTS FOR THE IRAQI POPULACE BEGAN ON MAY 30, EXPLAINING WHAT THE RATION BASKET WOULD CONTAIN AND WHEN RATION RECIPIENTS SHOULD GO TO THEIR REGISTERED FOOD AGENTS TO COLLECT THE FOOD. THE DISTRIBUTION OF FALSE RATION CARDS WAS REPORTED IN SOME GOVERNORATES, AND A GENERAL BELIEF THAT THE RATION WOULD BE EXPANDED BEYOND PREVIOUS LEVELS, LED TO UNREALISTIC EXPECTATIONS IN SOME AREAS. THESE FALSE RUMORS ARE ALSO EMERGING FOR THE JULY CYCLE; HOWEVER, THEY ARE BEING COUNTERED CORRECTED BY MOT ANNOUNCEMENTS. RATION RECIPIENTS ARE GENERALLY PLEASED TO BE RECEIVING BETTER QUALITY COMMODITIES WITH THE JUNE DISTRIBUTION, AS THERE HAD BEEN A NUMBER OF COMPLAINTS OVER THE YEARS ABOUT THE QUALITY OF RATIONS, PARTICULARLY RICE AND FLOUR. RATION RECIPIENTS ARE ESPECIALLY PLEASED TO RECEIVE VEGETABLE OIL FOR THE FIRST TIME RATHER THAN GHEE. ON THE OTHER HAND, THERE HAVE BEEN REPORTS THAT THE U.S. SOYBEAN-BASED VEGETABLE OIL, UNFAMILIAR TO IRAQI TASTES, IS NOT AS WELL LIKED AS OTHER VEGETABLE OILS. LIKEWISE, THE HIGHLY REFINED WHEAT FLOUR FROM THE U.S. IS NOT AS SUITABLE AS MORE COARSELY GROUND WHEAT FOR MAKING FLAT BREADS BAKED BY THE TYPICAL IRAQI HOUSEHOLD.

FOR THOSE BENEFICIARIES PREVIOUSLY REMOVED FROM THE PDS, THE MOT ESTABLISHED REREGISTRATION PROCEDURES. BENEFICIARIES WHO HAD BEEN REMOVED FROM THE PDS ROLES, LOST THEIR RATION CARDS, WERE DISPLACED WITHIN THE COUNTRY, OR HAD CHANGES IN THEIR FAMILY STATUS WERE ABLE TO REREGISTER AT THEIR PRESENT LOCATION TO ENSURE THEIR PROPER RECEIPT OF RATION COMMODITIES. THIS IS PARTICULARLY NOTEWORTHY IN THE MOST SOUTHERN GOVERNORATES, WHICH HAD A NUMBER OF DISENFRANCHISED IRAQIS SUCCESSFULLY REREGISTERED. THIS PROCESS, HOWEVER, DID NOT ALWAYS WORK AS PLANNED. IN DIYALA, FOR EXAMPLE, THERE ARE AN ESTIMATED 48,000 INTERNALLY DISPLACED PERSONS WERE PERSONS, MANY OF WHOM WERE NOT ABLE TO REGISTER TO RECEIVE THEIR JUNE RATION ON TIME. THE DANISH REFUGEE COUNCIL, AN NGO PARTNERING WITH WFP, IS WORKING WITH THIS GROUP TO FACILITATE THE REGISTRATION PROCESS AND TO DISTRIBUTE THE JUNE RATIONS.

INCREASED COSTS TO FOOD AGENTS/OVERCHARGING

RATION RECIPIENTS PAY A NOMINAL FEE TO FOOD AGENTS FOR THE PDS RATIONS THEY RECEIVE. THE JUNE FEE FOR THE SOUTHERN AND CENTRAL GOVERNORATES WAS THE EQUIVALENT OF 20 CENTS U.S.--250 IRAQI DINARS (ID)--PER RECIPIENT AND IN THE NORTHERN GOVERNORATES THE FEE WAS EQUIVALENT TO 40 CENTS U.S. IN ORDER TO COMPENSATE FOR THE HIGHER TRANSPORT AND LOADING/OFF-LOADING COSTS, SOME FOOD AGENTS CHARGE MORE THAN THE ALLOWED RATION FEE. FOOD AGENTS CHARGING 600 ID IS NOT UNCOMMON IN SOME GOVERNORATES, WITH REPORTS OF AGENTS CHARGING IN EXCESS OF 1,000 ID PER BENEFICIARY.

THIS OVERCHARGING WAS DUE, IN PART, TO THE HIGHER TRANSPORTATION COSTS INCURRED BY AGENTS. THE ALLOWANCE THE MOT PROVIDED TO THE FOOD AGENTS FOR TRANSPORTATION COSTS DID NOT TAKE INTO ACCOUNT THE INCREASING PRICE OF FUEL OR THE AGENTS MAKING RETURN TRIPS TO WAREHOUSES TO COLLECT FOOD THAT HAD ARRIVED AFTER INITIAL PICKUP. SOME FOOD AGENTS COMPLAINED THAT IT WAS NO LONGER WORTH THEIR WHILE TO CONTINUE WORKING WITH THE PDS. IN RESPONSE TO THESE ISSUES, THE MOT ANNOUNCED THAT THE ALLOWANCE FOR AGENTS WOULD BE INCREASED FOR THE JULY PDS CYCLE. FROM THE 250 ID COLLECTED FROM THE RATION RECIPIENTS IN THE SOUTHERN AND CENTRAL GOVERNORATES, FOOD AGENTS CAN NOW KEEP 50 ID IN URBAN AREAS AND 60 ID IN RURAL AREAS, TO OFFSET THEIR HIGHER TRANSPORTATION COSTS. IN ADDITION, AGENTS ARE NOW ALLOWED TO RETAIN 50 ID PER RECIPIENT AS A PROFIT, UP FROM 20 ID IN JUNE. THESE ADDITIONAL ALLOWANCES REPRESENT AN INCREASE OF APPROXIMATELY 240-280 PERCENT OVER THE JUNE CHARGES THE AGENTS WERE ALLOWED TO RETAIN. EQUIVALENT COMPENSATION HAS ALSO BEEN INTRODUCED IN THE NORTHERN GOVERNORATES FOR JULY. IT IS HOPED THAT THESE INCREASED AMOUNTS WILL PREVENT AGENTS FROM OVERCHARGING. ENFORCEMENT OF OVERCHARGING BY MOT DID NOT OCCUR IN JUNE DUE TO THE MANY ISSUES INVOLVED WITH THE PDS STARTUP, BUT BEGAN WITH THE JULY DISTRIBUTION.

ALSO, A SIGNIFICANT SEGMENT OF THE POPULATION IS SELLING PART OF THEIR RATION--GENERALLY WHEAT FLOUR--TO GENERATE ENOUGH MONEY TO PAY THEIR RATION FEES OR TO BUY OTHER FOOD COMMODITIES SUCH AS FRESH FRUITS, VEGETABLES, AND MEAT. THE WFP AND MOT'S MONITORING AND EVALUATION UNITS CONTINUE TO MONITOR THIS TREND. HOWEVER, THERE IS NO INDICATION OF AN ORGANIZED, LARGE-SCALE DIVERSION OF FOOD AID FROM THE PDS FOR COMMERCIALIZATION IN URBAN MARKETS.

SECURITY--THE SINGLE LARGEST ISSUE

SECURITY REMAINS A SIGNIFICANT CONCERN FOR MOT AND WFP IN MAKING THE PDS FULLY FUNCTIONAL. COALITION FORCES (CF) ARE NOW PROTECTING MANY MOT FACILITIES IN THE SOUTHERN AND CENTRAL GOVERNORATES, INCLUDING WAREHOUSES AND SILOS. MOT OFFICIALS ARE IN THE PROCESS OF HIRING THEIR OWN GUARD FORCE. WORKING WITH THE MOT, WFP HAS PROVIDED THE COALITION PROVISIONAL AUTHORITY (CPA) WITH A COMPLETE LIST OF SILOS, MILLS, AND WAREHOUSES IN THE COUNTRY IN AN ATTEMPT TO ENSURE THAT PROPER SECURITY ARRANGEMENTS CAN BE MADE. CPA IS TRAINING MOT GUARDS TO PROTECT WAREHOUSES, PARTICULARLY IN BAGHDAD AND AL BASRAH--TWO OF THE MAIN STORAGE HUBS PLAGUED BY LOOTING. ALSO IN AL BASRAH, THE RATION REGISTRATION CENTER HAS BEEN BURNT AND 18 TRUCKS DAMAGED. WFP IS HELPING TO GATHER LOST DATA, SUPPLY NEW COMPUTERS, AND ORGANIZE COMMERCIAL TRANSPORT FOR THE RATIONS.

IN BAGHDAD, FOR EXAMPLE, NEARLY 500 GUARDS ARE NEEDED TO PROTECT RATION ITEMS IN 14 FACILITIES INCLUDING SILOS, WAREHOUSES, AND DISTRIBUTION CENTERS. MANY ARE WITHOUT UNIFORMS AND EVEN FEWER HAVE GUNS. IN A MID-JUNE ASSESSMENT OF SIX FACILITIES, FOUR HAD CF PRESENCE. ONGOING UNREST AND THEFT AT THE AL HURRIYA WAREHOUSE MEANT THAT WFP WAS FORCED TO TEMPORARILY WITHDRAW ITS PRESENCE UNTIL CF RETURNED AND THE SITUATION STABILIZED.

THE HIGHJACKING OF TRUCKS CARRYING PDS COMMODITIES, PARTICULARLY OVER A 150-MILE STRETCH FROM SAFWAN (JUST OVER THE KUWAIT BORDER TO AN NASIRIYAH) WAS QUITE PROBLEMATIC IN JUNE. THESE HIGHJACKINGS HAVE BECOME INCREASINGLY VIOLENT WITH REPORTS OF DEATHS AND MISSING TRUCKERS. ON A NUMBER OF OCCASIONS, THE KUWAIT-OWNED TRUCKS, LADEN WITH WFP FOOD, REFUSED TO TRAVEL. COALITION FORCES, WFP, AND TRUCKERS' REPRESENTATIVES CONTINUE TO WORK ON WAYS TO REDUCE THE PROBLEM. BECAUSE THE HIGHJACKINGS ARE DIRECTED MORE AT NON-IRAQI TRUCKS, WFP HAS RESTRICTED POINT-OF-ENTRY FOR FOOD FROM KUWAIT, TO UMM QASR AND AL BASARH.

TRANSITION OF PDS TO FULL MOT MANAGEMENT

THE TRANSFER OF OWNERSHIP FOR PDS COMMODITIES AND PIPELINE MANAGEMENT FROM WFP TO MOT CONTINUES. WFP IN KIRKUK (NINAWA GOVERNORATE), FOR EXAMPLE, HAS SIGNED OVER RESPONSIBILITY OF ALL COMMODITIES TO THE MOT, AND IS NOW IMPLEMENTING ONLY PRIMARY TRANSPORT, OFF-LOADING, AND MONITORING. BOTH WFP AND MOT SIGN THE WAYBILLS FOR RECEIPT AT THE SILO OR WAREHOUSE, AND MOT IS THEN RESPONSIBLE FOR COORDINATING FOOD AGENTS' TRANSPORT AND DISTRIBUTIONS. HOWEVER, WFP REMAINS ULTIMATELY ACCOUNTABLE TO ITS DONORS FOR ENSURING THAT THE COMMODITIES ARE DISTRIBUTED PROPERLY. HENCE, WFP MAINTAINS ITS MONITORING FUNCTION.

ON JULY 16, CPA PRESENTED A LETTER TO WFP, ACKNOWLEDGING THAT WFP AND CPA MUST MOVE QUICKLY TO TRANSFER RESPONSIBILITY FOR THE PDS IN THE NORTHERN GOVERNORATES OF AS SULAYMANIYAH, ARBIL, AND DAHUK TO IRAQI AUTHORITIES. CPA DESIGNATED THE FOOD DEPARTMENT IN ARBIL AS THE APPROPRIATE LOCAL AUTHORITY, AND WFP HAS BEGUN IDENTIFYING CRITICAL NEEDS TO ENSURE A SMOOTH TRANSITION. THE PRINCIPAL CHALLENGE IN THE NORTHERN GOVERNORATES IS THE TRANSITION FROM FULL WFP ADMINISTRATION OF THE PDS TO LOCAL AUTHORITY ADMINISTRATION BY NOVEMBER.

CONCLUSION

IN BAGHDAD, WFP, MOT, CPA, AND THE DART CONTINUE TO MEET FREQUENTLY TO ADDRESS ISSUES RELATED TO THE PDS DISTRIBUTION CYCLE. IDEALLY, BEFORE THE END OF THE CURRENT WFP EMERGENCY OPERATION IN OCTOBER, IRAQI AUTHORITIES CAN ASSUME FULL RESPONSIBILITY FOR THE PDS OR FIND OTHER MECHANISMS TO ENSURE FOOD SECURITY IN THE COUNTRY. SPELLING OUT THE OPTIONS FOR THIS AND STEPS TO IMPLEMENT A TRANSITION IS, IN PART, THE FOCUS OF A WORKING GROUP, INCLUDING USAID, CPA, WFP, AND THE MOT.

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